

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 16, 2021

1:29 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Gary Stevens
Senator Joshua Revak
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Roger Holland, Vice Chair

COMMITTEE CALENDAR

SENATE BILL NO. 6

"An Act relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

- MOVED CSSB 6 (L&C) OUT OF COMMITTEE

SENATE BILL NO. 123

"An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

- MOVED SB 123 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 6

SHORT TITLE: RIP FOR PUBLIC EMPLOYEES/TEACHERS

SPONSOR(S): SENATOR(S) KAWASAKI

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	EDC, L&C, FIN
03/15/21	(S)	EDC AT 9:00 AM BUTROVICH 205

03/15/21	(S)	Heard & Held
03/15/21	(S)	MINUTE(EDC)
03/22/21	(S)	EDC AT 9:00 AM BUTROVICH 205
03/22/21	(S)	Moved CSSB 6(EDC) Out of Committee
03/22/21	(S)	MINUTE(EDC)
03/24/21	(S)	EDC RPT CS 1DP 2NR SAME TITLE
03/24/21	(S)	NR: HOLLAND, HUGHES
03/24/21	(S)	DP: BEGICH
03/24/21	(S)	EDC AT 9:00 AM BUTROVICH 205
03/24/21	(S)	<Bill Hearing Canceled>
04/07/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/07/21	(S)	Heard & Held
04/07/21	(S)	MINUTE(L&C)
04/14/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/14/21	(S)	Scheduled but Not Heard
04/16/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 123

SHORT TITLE: ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

04/09/21	(S)	READ THE FIRST TIME - REFERRALS
04/09/21	(S)	L&C, FIN
04/12/21	(S)	L&C WAIVED PUBLIC HEARING NOTICE, RULE 23
04/14/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/14/21	(S)	Heard & Held
04/14/21	(S)	MINUTE(L&C)
04/16/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

MELODIE WILTERDINK, Staff

Senator Mia Costello

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Paraphrased the explanation of changes from version A to version I of SB 6.

JOE HAYES, Staff

Senator Scott Kawasaki

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: On behalf of the sponsor, stated support for the changes in version I of SB 6.

JIM PUCKETT, Deputy Director

Division of Retirement and Benefits
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 6.

ACTION NARRATIVE

[1:29:53 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:29 p.m. Present at the call to order were Senators Gray-Jackson, Stevens, and Chair Costello. Senator Revak joined the committee soon thereafter.

SB 6-RIP FOR PUBLIC EMPLOYEES/TEACHERS

[1:30:38 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 6 "An Act relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

[1:31:01 PM](#)

SENATOR GRAY-JACKSON moved to adopt the Committee Substitute (CS) for SB 6, work order 32-LS0028\I, as the working document.

CHAIR COSTELLO objected for an explanation of changes.

[1:31:24 PM](#)

SENATOR REVAK joined the committee.

[1:31:30 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, paraphrased the following explanation of changes from version A to version I of SB 6.

Page 1, Lines 1-4

The title is updated to include "reemployment of persons who retire under the teachers' retirement system."

Sec. 2 - AS 14.20.136(b), Page 2, Lines 2-10

Is amended to update the statute under which members (individuals who are eligible to participate in the retirement plan and are covered by the plan) are retired - from AS 14.25.110(a) to AS 14.25.110.

1:32:26 PM

Sec. 3 - AS 14.20.136(f), Page 2, Lines 11-17

Is amended by adding a new subsection AS 14.20.136(f)(2) to specify that (c), (d), and (e)(1) of this section do not apply to the rehire of a member who is paid by the hour to mentor teachers who have taught for fewer than four years. (c), (d), and (e)(1) require, in other circumstances, that the school district describe a shortage before rehiring retired members, publicly advertise the position, make contracts for no longer than 12 months, and provide the administrator with related documentation.

Sec. 4 - AS 14.25.043(f), Page 2, Lines 18-27

Is amended to update the statute under which members are retired from AS 14.25.110(a) to AS 14.25.110.

Sec. 5 - AS 14.25.043(g), Page 2, Lines 28-31, Page 3, Lines 1-4

Is amended to update the statute under which members retire.

Is amended to specify that this subsection, which allows for retired and reemployed members to receive group health plan coverage, does not apply to retired members who are rehired and paid by the hour to mentor teachers who have taught for fewer than four years.

Sec. 6 - AS 14.25.070(a), Page 3, Lines 5-13

Is amended to clarify that each employer shall contribute to the retirement system 12.56 percent of all base salaries paid to active and retired members who are eligible to receive group health plan coverage, which does not include retired members who are rehired and paid by the hour to mentor teachers.

[Sec. 7 - Sec. 12 have no changes.]

Sec. 13 - Sec. 18, Pages 8-12

Are amended to update referenced section numbers.

Sec. 19 - Page 12, Lines 10-13

Is amended to specify that the only sections 1 and 7-17 are repealed on July 1, 2024. The teacher mentoring provisions remain in effect.

1:35:19 PM

CHAIR COSTELLO removed her objection. Finding no further objection, version I was adopted. She said the idea in the CS is to allow teachers who opt for early retirement to return to serve as mentors.

CHAIR COSTELLO asked the sponsor's staff to comment on the CS.

1:36:20 PM

JOE HAYES, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, Alaska, stated that the sponsor supports the changes.

CHAIR COSTELLO noted that her office received an email asking why the retirement program limits participation to PERS/TRS members who are 50 years of age and older. She asked Mr. Hayes to talk about the reason for the age limitation.

1:37:17 PM

MR. HAYES answered that it is because of the actuarial costs; including members younger than age 50 would be more expensive for the retirement system.

CHAIR COSTELLO said a second email asked about the retirement for employees who have accrued service in both PERS and TRS. She asked the committee if they wanted to hear more about how the bill addresses those individuals.

SENATOR STEVENS said yes and asked if the bill would limit employees from moving from one retirement system to the other.

MR. HAYES answered no. The question was whether an individual who had accrued 10 years in PERS and 10 years in TRS could combine the two and retire with 20 years' service. He suggested that Mr. Puckett was better suited to answer the question.

SENATOR STEVENS indicated he would like to hear from Mr. Puckett to ensure that all the t's are crossed.

CHAIR COSTELLO clarified that the question was that an individual who had accrued time as a teacher became a state employee and then retired in the PERS system. She asked Mr.

Puckett how the state addresses retirement for these individuals.

1:39:30 PM

JIM PUCKETT, Deputy Director, Division of Retirement and Benefits, Department of Administration, Juneau, Alaska, stated that in almost all cases, somebody who has 10 years in PERS and 10 years in TRS could not combine the two. They have to accrue a retirement from each system. The exception is somebody who retires under AS 39.35.375 with a public service benefit. It is difficult to qualify for that specific situation and there is an associated expense so it does not happen very often. His team could think of just 15 examples of people qualifying under that statute.

SENATOR STEVENS asked if there might be an advantage to the employee in retirement to have 10 years PERS service and 10 years TRS service versus 20 years accrued service in one retirement system or the other. "Why would they not just take 10 years in each and retire?"

MR. PUCKETT answered that the IRS restricts how Retirement and Benefits can use time credited in each of the retirement systems. With the exception of the public service benefit mentioned earlier under AS 39.35.375, the retirements must be separate.

1:42:39 PM

SENATOR STEVENS asked if an employee who retires with 10 years in PERS and 10 years in TRS receives less in retirement than if they had a 20-year retirement in one system or the other.

MR. PUCKETT answered that he was not sure how that calculates and whether there would be an advantage either way.

SENATOR STEVENS said he would like an answer because it is a crucial question.

MR. PUCKETT offered to talk to the processing teams and run scenarios to see if there would be a disadvantage. He noted that the contribution rate in TRS is higher than in PERS and that may be an important consideration.

CHAIR COSTELLO said she too would like to have the information. She wondered why it should matter if a person worked as a teacher and then switched careers and entered the PERS system. She asked Mr. Hayes if he had anything to add.

[1:45:16 PM](#)

MR. HAYES recalled an instance years ago when a constituent had 10 years in each retirement system and his office could not find a solution to get the individual a retirement. His belief is that it would require a legislative fix.

SENATOR STEVENS asked who requested this legislation.

MR. HAYES replied the requests were primarily from teachers but municipalities and the university are looking at this as a way of allowing senior employees to retire to make way for younger hires who cost less, thereby helping the state financially.

SENATOR STEVENS said it is a complex situation and he could understand why a solution has not been easy to come by.

[1:47:12 PM](#)

At ease

[1:47:46 PM](#)

CHAIR COSTELLO reconvened the meeting and solicited a motion.

[1:47:53 PM](#)

SENATOR GRAY-JACKSON moved to report the CS for SB 6, work order 32-LS0028\I, from committee with individual recommendations and attached fiscal note(s).

[1:48:11 PM](#)

CHAIR COSTELLO found no objection and CSSB 6(L&C) moved from the Senate Labor and Commerce Standing Committee.

SB 123-ENERGY INDEPENDENCE PROGRAM & FUND: AIDEA

[1:48:30 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 123 "An Act establishing the Alaska energy independence program and the Alaska energy independence fund in the Alaska Industrial Development and Export Authority; and providing for an effective date."

She listed the individuals available to answer questions. Finding no questions or comments, she solicited a motion.

[1:49:32 PM](#)

SENATOR GRAY-JACKSON moved to report SB 123, work order 32-GS1074\A, from committee with individual recommendations and attached fiscal note(s).

[1:49:54 PM](#)

CHAIR COSTELLO found no objection and SB 123 moved from the Senate Labor and Commerce Standing Committee.

[1:50:19 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 1:50 p.m.